

BREWSTER SCHOOL DISTRICT NO. 111
Okanogan County, Washington
September 1, 1993 Through August 31, 1995

Schedule Of Findings

1. The District Should Establish And Monitor Internal Control Procedures Over Associated Student Body (ASB) Activities

Our review of the district's ASB Fund identified internal control weaknesses at the high school/middle school, as follows:

a. Revenue Generating Activities:

(1) Middle school ASB card revenue is commingled with high school ASB card revenue.

(2) Inventory records are not maintained for vending machines, ASB cards, or concessions.

(3) The district does not routinely perform reconciliations of cash receipts to sales.

(4) There is inadequate control of physical inventory:

(a) Unsold ASB cards are kept in an unlocked drawer.

(b) Students enter the FHA candy concessions room, make their selections, and pay the FHA advisor at her desk as they leave.

(c) The athletic director is in control of unsold football tickets and is also in charge of completing football tickets sales reports.

(5) Significant discrepancies on ticket sales reports and vending machine sales reports are not documented as being investigated.

b. Disbursements Activities:

(1) Disbursements from the high school and middle school ASB Fund and imprest fund do not consistently contain prior approval by the student activity treasurer.

(2) The principal's facsimile signature stamp is kept at the secretary's desk.

(3) Facsimile signature stamps are used to approve purchase order requests, purchase orders, and vouchers.

c. Other ASB Issues:

- (1) Receipts do not consistently indicate the mode of payment.
- (2) Cash and checks are stored in an unlocked drawer.

Washington Administrative Code (WAC) 392-138-045 (2) states, in part:

Whenever two or more associated student bodies exist within a school district, the accounting records shall be maintained in such a manner as to provide a separate accounting for the transactions of each associated student body.

WAC 392-138-050 (3) states, in part:

All disbursements from the associated student body program fund or any imprest bank account established thereunder shall have the prior approval of the appropriate governing body representing the associated student body. Supporting documentation of the vouchers shall bear evidence of approval by the associated student body governing body.

Accounting Manual For School Districts, Chapter III, Section G-4, page 7 states in part:

For school districts, facsimile signatures can be used only on warrants, checks, bonds, and bond coupons.

The existence of these conditions increases the risk that a loss could be incurred and not be detected in a timely manner. These conditions occurred because the high school/middle school administrative staff did not prioritize resources to ensure that ASB activities and control procedures complied with applicable regulations.

We recommend that the district establish procedures and controls as outlined in the *Accounting Manual For School Districts*. We further recommend that the district monitor ASB activities to ensure that controls are in place and review any discrepancies the controls identify.